



MSCI Quarterly Review - February 2019

MSCI, the global index provider, announced its quarterly review, including of its Saudi family of indices. In this review, **there were no changes to the constituents of the MSCI Saudi Arabia Index, which consists of 30 stocks.**

On pro-forma basis, Saudi's market weight in the MSCI Emerging Markets index is estimated to have increased to c2.8%. Implementation will occur in two tranches, in 3rd June 2019 and 2nd September 2019. Moreover, Saudi will have a weight of c.0.3% in the MSCI ACWI index, as well as several other MSCI indices.

Inclusion in MSCI Emerging Markets benchmark index is expected to result in passive inflows into TASI, at current prices, of up to cSAR44.3bn (or US\$11.8bn) overtime.

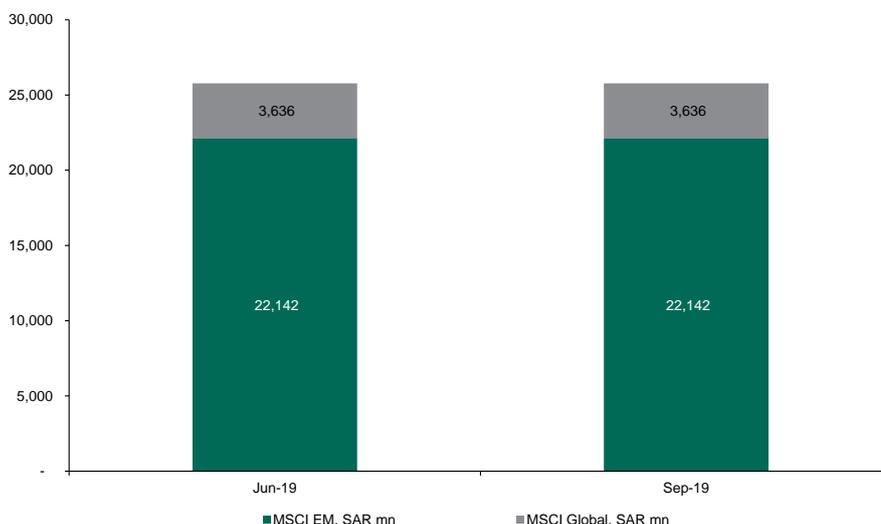
SWAP & QFI investors' ownership has gradually increased to 1.5% of market cap (or SAR30.3bn) vs 1.2% in December 2018. YTD, international investors (SWAP and QFI) net purchases reached SAR5.5bn (US\$1.5bn), this is compared with SAR2.9bn in the same period last year. Meanwhile, the TASI has gained 9.9% YTD. We expect the market to continue its positive momentum supported by increasing inflows.

Exhibit 1: MSCI Index Review Implementation Dates

	Announcement Date	Effective Date
2019 Semi-Annual Index Review (Tranche 1)	14 th May 2019	03 rd June 2019
2019 Quarterly Index Review (Tranche 2)	12 th August 2019	02 nd September 2019

Source: MSCI, NCBC Research

Exhibit 2: MSCI Emerging Markets – Passive Projected Inflows (SAR mn)



Source: Bloomberg, MSCI, NCBC Research

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Exhibit 3: MSCI and FTSE Projected Inflows

Emerging Market Inflows	% of Total Inflows	Inflow, SR mn	% of market Cap
Passive			
MSCI EM	15.2%	44,288	2.2%
FTSE EM	8.1%	23,518	1.2%
Total EM Passive Inflows	22.2%	67,806	3.3%
MSCI ACWI Inflows	2.5%	7,271	0.4%
FTSE Global All Cap Inflows	5.6%	16,241	0.8%
Total Global Passive Inflows	7.7%	23,512	1.2%
Grand Total Passive Inflows	31.4%	91,318	4.5%
Global passive flows as % of total passive		25.7%	
Active			
MSCI EM	54.5%	158,772	7.8%
FTSE EM	0.1%	238	0.012%
Total EM Active Inflows	54.6%		
MSCI ACWI Inflows	14.4%	40,858	2.0%
FTSE Global All Cap Inflows	0.001%	3	0.0002%
Total Global Active Inflows	14.0%	40,861	
Grand Active Total Inflows	68.6%	199,871	9.9%
Global Active flows as % of total active		20.4%	
Grand Total Passive and Active Inflows		291,189	14.4%
Current Active holding (QFI & SWAP)		30,312	1.5%
Current Active, % of total active		12%	
Current Active + Total Passive		115,070	5.7%

Source: Bloomberg, MSCI, NCBC Research

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Exhibit 4: MSCI Saudi Arabia International Index Constituents

Company	Industry
SABIC	Materials
Al Rajhi Bank	Banks
NCB	Banks
STC	Telecom
SAMBA	Banks
Riyad Bank	Banks
Ma'aden	Materials
Alinma Bank	Banks
SAFCO	Materials
Yansab	Materials
Saudi Electricity	Utilities
Almarai	Food and Beverage
BSFR	Banks
Saudi Kayan	Materials
Jarir	Retailing
Bank Albilad	Banks
SABB	Banks
Savola	Food and Beverage
Mobily	Telecom
Bank Al-Jazira	Banks
Tasnee	Materials
SIIG	Materials
Advanced	Materials
Dar Al Arkan	Real Estate
PetroRabigh	Energy
Tawuniya	Insurance
Emaar E.C	Real Estate
Saudi Cement	Materials
Catering	Commercial & Prof
Bupa Arabia	Insurance

Source: Bloomberg, MSCI, NCBC Research

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